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March 8, 2023

SB 516 (HB 556) – CANNABIS REFORM - FAVORABLE WITH AMENDMENT

Madame Chair and Members of the Senate Finance Committee:

Ascend Wellness Holdings (AWH) is a multi-state, vertically integrated cannabis operator focused on bettering lives through cannabis. AWH has consistently supported comprehensive legislation across the country that aims to break down traditional barriers in the cannabis marketplace by legalizing cannabis for adult-use, while simultaneously balancing the need to uplift those communities that have been disproportionately harmed by the criminalization of cannabis; specifically low-income communities of color. AWH appreciates the efforts of all of the bill sponsors' commitment to balancing speed-to-market with the importance of equity. The company truly looks forward to the opportunity of being a responsible business partner that will enhance public health and safety, while also creating pathways to the middle class by creating well-paying jobs and business opportunities for all Marylanders.

We are in full support of **Senate Bill 516**, however, we respectfully request consideration of the following items of concern being offered as amendments:

EXEMPTIONS FOR PENDING TRANSFER REQUEST

There are several pending transfer requests (including those from Ascend) that may not receive approval from the MMCC at the March meeting, which may be the last MMCC meeting. It is not fair that the transfer requests may be subjected to rule restrictions and procedures from a different agency. ***For any pending approvals submitted to the MMCC before March but reviewed by the ATC after the bill passes, the ATC should review the request pursuant to the rules and procedures in effect before the bill's passage.***

LICENSE CAPS

Under Section 36-401(E) of the bill, the maximum number of dispensaries an owner can hold is reduced from 4 to 2. This language will severely delay the rollout of Maryland's adult use program. This significantly limits the ability of all licensees (incumbents and new market entrants) to be commercially successful. It would also encourage current operators with more than two dispensaries to divest the dispensaries located in rural areas of the State that serve lower income patients. If the state is requiring at least 150 owners of the 300 dispensaries, it will be difficult for any companies with exceptional ownership and operations to rise to the top with best business practices. ***This should be amended to restore the current cap of four licenses.***

TRANSFER RESTRICTIONS

Section 36-503(C)(1) states that "A cannabis licensee, including a cannabis licensee whose LICENSE WAS CONVERTED IN ACCORDANCE WITH § 36-401 OF THIS TITLE, MAY NOT TRANSFER OWNERSHIP OR CONTROL OF THE LICENSE FOR A PERIOD OF AT LEAST 5 YEARS FOLLOWING LICENSURE." The five-year restriction in this provision should be set back to three years, as measured from the initial license date, not the date of the converted license issue date. Asking incumbent licensees to wait an initial term of three years under HB2, plus another five years under the current bill is an undue restraint of trade. In

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addition, this increases the pool of interested investors to a wider set of market participants. ***When the current medical licenses are converted to adult use, the applicable clock should be three years as calculated from the initial license date, not the date of the converted license.***

PRESERVATION OF CURRENT POLICY REGARDING SINGLE INTEREST RULE

On April 13, 2022 the MMCC held an emergency meeting. Here is the meeting transcript - <https://register.gotowebinar.com/recording/recordingView?webinarKey=563765113796244238®istrantEmail=jwachs%40offitkurman.com>. At this meeting, the MMCC changes its policy such that any person who holds less than 5% of a licensee (whether the licensee is a public or private company) may also hold an equity interest in more than one grower, one processor or four dispensaries so long as she/he/it does not CONTROL more than 1 grower, 1 processor or 4 dispensaries. This change significantly revised the prior version of the single interest rule (which previously held that a person could hold an equity interest of ANY amount in only 1 grower, 1 processor and 4 dispensaries). This policy change is essential for public MSO licensees (which change ownership every hour of every trading day). ***The bill should codify this policy change.***

We greatly appreciate the opportunity to provide comments on this important and transformative issue. We also appreciate the work that Senators Feldman and Hayes have put into this legislation, and we look forward to continuing to working with them, as well as the members of the Senate Finance Committee, to ensure the success of this industry.

Sincerely,



Caitlin Fleishman
Vice President, Public Affairs